(3)

No. 01-1787

Supreme Court, U.S.
FILED
JUL 17 2002
OFFICE OF THE CLERK

In The
Supreme Court of the United States

SIMPLE TECHNOLOGY, INC.
(now known as SimpleTech),

Petitioner,

v.

DENSE-PAC MICROSYSTEMS, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

REPLY BRIEF

JOSEPH R. RE
Counsel of Record
JOSEPH F. JENNINGS
JOSEPH S. CIANFRANI
KNOBBE, MARTENS, OLSON & BEAR, LLP
620 Newport Center Drive, 16th Floor
Newport Beach, California 92660
(949) 760-0404
Attorneys for Petitioner Simple Technology, Inc.

COCKLE LAW BRIEF PRINTING CO. (800) 225-6964
OR CALL COLLECT (402) 342-2831

14pgs

TABLE OF CONTENTS

	Page
SUMMARY OF REPLY	1
I. SIMPLETECH EXPRESSLY RESERVED ITS RIGHT TO RELY ON THE DOCTRINE OF EQUIVALENTS IN THE EVENT THIS COURT ALTERED THE REASONING OF THE FEDERAL CIRCUIT'S DECISION IN *FESTO*	2
II. EVEN IF THERE WAS A WAIVER, THE CHANGE IN THE LAW ANNOUNCED IN THIS COURT'S *FESTO* DECISION PRESENTS EXCEPTIONAL CIRCUMSTANCES FOR REFUSING TO ENFORCE THE WAIVER	7
CONCLUSION	10

TABLE OF AUTHORITIES

Page

CASES

Accuscan, Inc. v. Xerox Corp., 122 S. Ct. 2323 (2002) 1

Big Horn County Elec. Coop., Inc. v. Adams, 219 F.3d 944 (9th Cir. 2000) 8

Creo Prods., Inc. v. Dainippon Screen, et al., 122 S. Ct. 2323 (2002) 1

Curtis Publ'g Co. v. Butts, 388 U.S. 130 (1967) 7, 8

Ecolab, Inc. v. Envirochem, Inc., 264 F.3d 1358 (Fed. Cir. 2001) 6

Glaxo Gp. Ltd. v. Ranbaxy Pharms., Inc., 262 F.3d 1333 (Fed. Cir. 2001) 6

Grossart v. Dinaso, 758 F.2d 1221 (7th Cir. 1985) 9

Holland v. Big River Minerals Corp., 181 F.3d 597 (4th Cir. 1999) 8

Holzsager v. Valley Hosp., 646 F.2d 792 (2d Cir. 1981) 8

Hormel v. Helvering, 312 U.S. 552 (1941) 9

Hughes Aircraft v. United States, 86 F.3d 1566 (Fed. Cir. 1996) 8

Instituform Techs. v. CAT Contracting, et al., 122 S. Ct. 2322 (2002) 1

Interactive Gift Express v. Compuserve, Inc., 256 F.3d 1323 (Fed. Cir. 2001) 8

Intermatic, Inc. v. Lamson & Sessions Co., 273 F.3d 1355 (Fed. Cir. 2001) 6

Lockheed Martin Corp. v. Space Systems/Loral, Inc., 122 S. Ct. 2349 (2002) 1

TABLE OF AUTHORITIES – Continued

Page

Mycogen Plant Sci., et al. v. Monsanto Corp., 122 S. Ct. 2324 (2002) 1

New York Times Co. v. Sullivan, 376 U.S. 254 (1964) 8

Pall Corp. v. PTI Techs., Inc., 259 F.3d 1383 (Fed. Cir. 2001) 6, 7

Pioneer Magnetics, Inc. v. Micro Linear Corp., 122 S. Ct. 2322 (2002) 1

PTI Techs., Inc. v. Pall Corp. Tech., Inc., 122 S. Ct. 2324 (2002) 1

Santos v. United States, 417 F.2d 340 (7th Cir. 1969) 8

Semitool, Inc. v. Novellus Sys., Inc., 122 S. Ct. 2323 (2002) 1

Senior Techs., Inc. v. R. F. Techs., Inc., 122 S. Ct. 2323 (2002) 1

OTHER AUTHORITY

Model Code of Prof'l Responsibility DR 7-102 3

SUMMARY OF REPLY

Respondent Dense-Pac Microsystems, Inc. ("Dense-Pac") does not dispute that the district court's decision, the only opinion rendered in this case, was premised solely on the Federal Circuit's now-vacated *Festo* decision. Accordingly, Dense-Pac presents no argument that could distinguish the merits of this petition from the nine cases that this Court has already vacated and remanded to the Federal Circuit for further consideration in light of this Court's *Festo* decision.[1]

Dense-Pac's sole argument opposing this petition is that Petitioner ("SimpleTech") waived at oral argument any right to rely on the doctrine of equivalents regardless of this Court's then-pending review of the Federal Circuit's *Festo* decision. *See* Opp. at 4-5. But Dense-Pac blatantly misrepresented the record to make that argument.

First, the record reveals that SimpleTech specifically noted this Court's grant of *certiorari* in the *Festo* case and expressly reserved its right to rely upon any change in the law.

Second, Dense-Pac overlooked the law that excuses any possible waiver where there has been an intervening

---

[1] *See, e.g., Pioneer Magnetics, Inc. v. Micro Linear Corp.*, 122 S. Ct. 2322 (2002); *Insituform Techs. v. CAT Contracting, et al.*, 122 S. Ct. 2322 (2002); *Senior Techs., Inc. v. R. F. Techs., Inc.*, 122 S. Ct. 2323 (2002); *Creo Prods., Inc. v. Dainippon Screen, et al.*, 122 S. Ct. 2323 (2002); *Semitool, Inc. v. Novellus Sys., Inc.*, 122 S. Ct. 2323 (2002); Lockheed *Martin Corp. v. Space Systems/Loral, Inc.*, 122 S. Ct. 2349 (2002); *Accuscan, Inc. v. Xerox Corp.*, 122 S. Ct. 2323 (2002); *PTI Techs., Inc. v. Pall Corp. Tech., Inc.*, 122 S. Ct. 2324 (2002); *Mycogen Plant Sci., et al. v. Monsanto Corp.*, 122 S. Ct. 2324 (2002).

change in the law. A wealth of precedent holds there can be no waiver where a change in the law materially alters a party's claim or defense.

Accordingly, this Court should grant this petition, vacate the decision of the Federal Circuit, and remand the case for reconsideration under this Court's recently issued *Festo* decision.

I. SIMPLETECH EXPRESSLY RESERVED ITS RIGHT TO RELY ON THE DOCTRINE OF EQUIVALENTS IN THE EVENT THIS COURT ALTERED THE REASONING OF THE FEDERAL CIRCUIT'S DECISION IN *FESTO*

Dense-Pac's waiver argument relies solely upon a blatant misrepresentation of the record before the Federal Circuit. When fully and accurately quoted, the record shows that SimpleTech did not waive its right to rely on a change in the law relating to *Festo*. To the contrary, SimpleTech repeatedly noted this Court's grant of *certiorari* in *Festo* and expressly argued that the case should be remanded if this Court altered the Federal Circuit's *Festo* decision in any significant way.

The Federal Circuit's *Festo* decision was the controlling law during the entire time this appeal was before the Federal Circuit. Before the grant of *certiorari*, SimpleTech noted in its opening brief that it "does not dispute that under [the Federal Circuit's] decision in *Festo*, equivalents are not available for the 'planar' limitation." SimpleTech C.A. Br. at 42. At this point during the appeal, SimpleTech was addressing Dense-Pac's argument that its products were neither "planar" (added by amendment to patent claims), nor had "sideboards" (present in original patent

claims). Thus, this brief had to acknowledge that the Federal Circuit's *en banc Festo* decision barred any equivalency with regard to the amended portion of the patent claim, *i.e.*, "planar."

After the grant of *certiorari*, Dense-Pac filed its opposition brief in which it did not dispute that its products had "sideboards," thereby narrowing the issue to whether those sideboards were "planar." Because infringement then depended only on whether Dense-Pac's products satisfied the "planar" limitation added by amendment, SimpleTech had to admit that the doctrine of equivalents was not available at all under the Federal Circuit's *Festo* decision.[2] In its reply brief, however, SimpleTech specifically advised the Federal Circuit that, should this Court alter the reasoning in *Festo*, this case should be remanded for further consideration with respect to the doctrine of equivalents. The relevant portion of SimpleTech's reply brief, which Dense-Pac ignored in its opposition to this petition, is set forth below:

> *The parties' dispute regarding the doctrine of equivalents has now been overshadowed by the Supreme Court's grant of certiorari in Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 234 F.3d 558, 56 U.S.P.Q.2d 1865 (Fed. Cir. 2000) (*en banc*), *cert. granted*, 121 S. Ct. 2519 (2001).

* * *

[2] *See* Model Code of Prof'l Responsibility DR 7-102 (attorney shall not "knowingly advance a claim or defense that is unwarranted under *existing law*, except that he may advance such claim or defense if it can be supported by good faith argument for an extension, modification, or reversal of existing law.") (emphasis added).

> Although in their principal briefs, Simple Technology and Dense-Pac dispute the scope of equivalents available to "planar side boards" under *Festo*, this issue is now moot because Dense-Pac does not dispute that its rails are literally "side boards." Therefore, literal infringement of the "planar" limitation is determinative of infringement under the doctrine of equivalents. *If, however, the Supreme Court alters the reasoning in Festo, Simple Technology submits this Court should remand the case to the district court for further consideration in light of the Supreme Court's opinion.*

SimpleTech C.A. Reply Br. at 27-28 (emphasis added). In the conclusion of its reply brief, SimpleTech reiterated:

> Alternatively, if the Supreme Court alters this Court's decision in *Festo* in any significant way, this case should be remanded to the district court for further consideration of the doctrine of equivalents consistent with the Supreme Court's decision. *Id.* at 34.

Completely ignoring SimpleTech's reply brief, Dense-Pac bases its waiver argument solely on a discussion that took place during the final minute of oral argument at the Federal Circuit. However, Dense-Pac's selective quotation and creative paraphrasing misrepresents that discussion. Fully transcribed, the relevant portion of the oral argument was as follows:

> COURT: Well for our purposes in deciding the case, I mean there was a claim here that you know, you were entitled to equivalents under the doctrine of equivalents. Are you saying that you are waiving any claim under the doctrine of equivalents?

Mr. Re: Correct. . . . Assu . . . Ah . . . [interrupted]

COURT: Now when we write our opinion we can just say that we don't have to reach the question about whether or not Festo applies to this case.

Mr. Re: *And that assumes, of course, that this Court's applying the current Festo, assuming . . . we did put in our brief the fact that, obviously that issue is still before the United States Supreme Court. Let's assume that this Court's opinion remains intact . . . [interrupted]*

COURT: But you're saying . . . you are pitching to us a literal infringement case period. Right?

Mr. Re: That's correct.

COURT: Okay.

Mr. Re: Thank you.

COURT: Thank you Mr. Re. We will take the case under submission.

Oral Argument, March 7, 2002 (emphasis added).[3]

When asked, SimpleTech conceded that the Federal Circuit's decision in *Festo* foreclosed any application of the doctrine of equivalents in this case, leaving SimpleTech to rely solely upon its literal infringement argument. However, SimpleTech's concession was expressly conditioned on the assumption that the Federal Circuit's *Festo* decision would "remain intact." As SimpleTech's reply brief makes clear, SimpleTech consistently asserted that, if this Court

[3] The tape of the oral argument was lodged with the Court on July 8, 2002.

were to alter the Federal Circuit's *Festo* decision, the Federal Circuit should remand to the district court for further consideration consistent with the decision of this Court.

Thus, contrary to Dense-Pac's argument, SimpleTech did not "strategically" waive any reliance on the doctrine of equivalents.[4] SimpleTech merely admitted, as it was required to do under the Model Code of Professional Responsibility, that controlling law foreclosed its claim under the doctrine of equivalents. SimpleTech could not have advocated a departure from the *en banc Festo* decision to either the district court or to a three-judge panel of the Federal Circuit. Indeed, *after* this Court granted *certiorari*, the Federal Circuit was still repeatedly and consistently applying the absolute bar of its *Festo* decision.[5] Under these circumstances, SimpleTech took all reasonable steps, both in its brief and at oral argument, to preserve the issue in the event this Court altered the Federal Circuit's *Festo* decision.

---

[4] Dense-Pac argues that SimpleTech strategically waived its claim under the doctrine of equivalents to ultimately "induce" or "manipulate" the Federal Circuit to forego deciding the equivalency issue on a non-*Festo* ground not relied upon by the district court. Opp. at 1, 8. To suggest that SimpleTech executed such a strategy, solely in response to questions from the panel in the last minute of oral argument, is frivolous. Moreover, Dense-Pac points to no possible benefit to SimpleTech of such a "strategy."

[5] *See, e.g., Pall Corp. v. PTI Techs., Inc.*, 259 F.3d 1383, 1390 (Fed. Cir. 2001), *vacated and remanded*, 122 S. Ct. 2324 (2002); *Glaxo Gp. Ltd. v. Ranbaxy Pharms., Inc.*, 262 F.3d 1333, 1338 (Fed. Cir. 2001); *Ecolab, Inc. v. Envirochem, Inc.*, 264 F.3d 1358, 1371 (Fed. Cir. 2001); *Intermatic, Inc. v. Lamson & Sessions Co.*, 273 F.3d 1355, 1366 (Fed. Cir. 2001).

The present scenario is by no means unusual. Under like circumstances, this Court has vacated and remanded other patent appeals to the Federal Circuit for reconsideration in view of this Court's *Festo* decision. *See, e.g., Pall Corp. v. PTI Techs., Inc.*, 259 F.3d 1383 (Fed. Cir. 2001), *vacated and remanded*, 122 S. Ct. 2324 (2002). In *Pall*, the plaintiff admitted that the Federal Circuit's *Festo* decision foreclosed all recourse to the doctrine of equivalents. *See Pall*, 259 F.3d at 1390 ("Both parties now agree that our decision in [*Festo*,] issued after the submission of briefs, forecloses resort to the doctrine of equivalents as to the net supporters limitation."). Accordingly, the Federal Circuit held that the doctrine of equivalents was unavailable. *Id.* Nevertheless, this Court vacated and remanded the case to the Federal Circuit on June 3, 2002. Similarly, SimpleTech's unremarkable concession that it was bound by the Federal Circuit's *Festo* decision cannot constitute a waiver of its claim of infringement under the doctrine of equivalents.

II. EVEN IF THERE WAS A WAIVER, THE CHANGE IN THE LAW ANNOUNCED IN THIS COURT'S *FESTO* DECISION PRESENTS EXCEPTIONAL CIRCUMSTANCES FOR REFUSING TO ENFORCE THE WAIVER

Even if this Court were to find that SimpleTech waived its doctrine of equivalents claim, that waiver should not be enforced because of the change in the controlling law announced by this Court's *Festo* decision. When a decision of this Court has changed the controlling law during litigation, this Court has refused to find a waiver. *See Curtis Publ'g Co. v. Butts*, 388 U.S. 130, 145 (1967) (reversing circuit court finding of waiver in view of this Court's decision in *New York Times Co. v. Sullivan*,

376 U.S. 254 (1964), requiring actual malice to prove defamation of public officials).

Similarly, the Federal Circuit has explained that "[a] circuit court will disregard the rule [of waiver] in compelling circumstances, such as . . . a serious issue of public policy, *a change in the law*, or for error that works manifest injustice."[6] Other circuit courts also routinely recognize an exception to the general rule of waiver "when there has been an intervening change in the law recognizing an issue that was not previously available."[7]

Moreover, this Court has observed "[t]here may always be exceptional cases or particular circumstances which will prompt a reviewing or appellate court, where injustice might otherwise result, to consider questions of law which were neither pressed nor passed upon by the

---

[6] *See Interactive Gift Express v. Compuserve, Inc.*, 256 F.3d 1323, 1345 (Fed. Cir. 2001) (quoting 19 Moore's Federal Practice and Procedure § 205.05 at 205-58) (emphasis added); *see also Hughes Aircraft v. United States*, 86 F.3d 1566, 1581-82 (Fed. Cir. 1996) ("[T]he federal courts of appeal have uniformly recognized that an intervening change in applicable law is a strong basis for reconsideration of a decided issue in a pending case.") (Nies, J. dissenting), *vacated and remanded*, 520 U.S. 1183 (1997).

[7] *Holland v. Big River Minerals Corp.*, 181 F.3d 597, 605 (4th Cir. 1999) (*citing Curtis Publ'g*, 388 U.S. at 142-45); *see, e.g., Big Horn County Elec. Coop., Inc. v. Adams*, 219 F.3d 944, 953 (9th Cir. 2000) ("an exception to the waiver rule exists for intervening changes in the law.") (*citing Curtis*); *Holzsager v. Valley Hosp.*, 646 F.2d 792, 796 (2d Cir. 1981) (*citing Curtis*); *Santos v. United States*, 417 F.2d 340, 345 (7th Cir. 1969) ("Defendants should not be required to anticipate favorable Supreme Court rulings or compelled to make the futile gesture of raising the privilege at trial to preserve their rights in the event of . . . [a favorable forthcoming] decision."), *vacated on other grounds*, 397 U.S. 46 (1970).

court . . . below." *Hormel v. Helvering*, 312 U.S. 552, 557 (1941); *see also Grossart v. Dinaso*, 758 F.2d 1221, 1226 (7th Cir. 1985) ("waiver may be overlooked in 'exceptional cases or particular circumstances . . . where injustice might otherwise result.'").

Thus, even if this Court were to find that SimpleTech somehow waived its reliance on the doctrine of equivalents, enforcement of any such waiver should be excused due to the intervening change in the law, or because of the manifest injustice that finding such a waiver would cause. Both in its briefs and at oral argument, SimpleTech merely complied with the ethical requirement that counsel refrain from pressing claims that are foreclosed by existing law. To hold such compliance to be a waiver of the right to rely on an intervening change in the law serves no legitimate purpose, and would be manifestly unjust.

CONCLUSION

Because SimpleTech never waived any claim before the Federal Circuit and because finding such a waiver would cause manifest injustice, this Court should grant the petition, vacate the decision of the Federal Circuit, and remand in light of this Court's recent *Festo* decision.

Respectfully submitted,

JOSEPH R. RE
Counsel of Record
KNOBBE, MARTENS, OLSON & BEAR, LLP
620 Newport Center Drive
Suite 1600
Newport Beach, California 92660
Telephone: (949) 760-0404

Attorney for Petitioner
Simple Technology, Inc.